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E.O. 12958: DECL: 12/10/2014
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SUBJECT: FORMER UNIFICATION MINISTER JUNG SE-HYUN ON
OCTOBER SUMMIT

Classified By: A/POL Brian Mcfeeters. Reasons 1.4 (b,d).

11. (C) Summary: In a September 14 meeting with poloff, former Unification Minister (Jan. 2002-Jun. 2004) Jung Se-hyun said that the upcoming October 2-4 North-South summit would focus on the economy. Jung said that a commitment by one of the major ROK chaebols (Samsung, LG, Hyundai, etc.) to invest in North Korea could emerge from the summit, and would amount to a significant step. The Northern Limit Line (NLL) would only be discussed if the DPRK raised it. Any talk of a peace declaration or peace regime at the summit should not be taken seriously: everyone was for peace and any statement would be just words. Jung, who will participate in the summit as part of the 47-member non-governmental delegation, said Roh would pressure Kim to support the Six-Party process and that he expected a declaration by Kim Jong-il of his commitment to denuclearization and an agreement on some military confidence building measures. Otherwise the summit would be attacked by the Korean press as a photo-op summit. End Summary

Economic Possibilities

12. (C) Jung did not have high expectations that he and other groups accompanying the President would have substantive discussions since most of the DPRK counterparts would likely not be decision makers, but simply those "face people" responsible for meeting with foreign delegations. That said, on the economic front, there was a possibility that if Samsung, LG, Hyundai or SK committed to some big projects in North Korea as a result of this summit, other ROK companies would follow suit with investments.

13. (C) Since there would be a high-powered group of South Korean business leaders going North for the summit from the leading conglomerates (Samsung, Hyundai, LG, POSCO, SK and others), there was a chance for some significant economic deals. However, the meetings the ROK business leaders would likely attend would lack significance because the DPRK counterparts would not be businesspeople but rather protocol officials. That said, some large social overhead capital deals could be approved in principle at the summit.

14. (C) Jung, President Roh Moo-hyun's first Minister of Unification, indicated his agreement with Roh's forward-leaning stance on increased economic engagement, saying that economic integration was the best guarantor for

peace on the Peninsula. A declaration of peace was just paper, but once the South Korean conglomerates began extensive business in North Korea, the threat of conflict would truly evaporate. Therefore, the focus of this summit should be entirely on how much economic cooperation can be achieved; a focus on a peace regime should come later.

NLL Controversy

15. (C) Blue House Chief of Staff Moon Jae-in's controversial comments at a September 13 National Assembly hearing that the NLL might be discussed at the summit were taken out of context, Jung said. Moon's statement implied that if the DPRK brought up the subject, President Roh would be ready to discuss the issue and nothing more. In an open letter Jung posted August 29 on the Blue House web site, Jung stated that the NLL issue was a structural issue that needed to be discussed within the overall North-South military cooperation framework.

Power of Secrecy

16. (C) The DPRK had the advantage in preparing for the summit since their agenda and intentions were unknown whereas the Korean press, experts and government officials continued to openly debate summit strategy and priorities. Roh's remarks on September 11 that denuclearization may not be discussed during the summit was a bad move -- both in policy terms and strategically. Jung said he would ask Roh to refrain from "thinking aloud" when he next met Roh. DPRK

used this strategy of secrecy when dealing with the U.S. as well -- developing their strategy only after analyzing open source reporting on U.S. policy. In a 1990 Red Cross meeting Jung attended, the DPRK delegation told him they decided on their tactics for the next day's meetings after studying South Korean newspapers that were faxed to them via Beijing.

Succession Issue

17. (C) Jung said he believed that Kim Jong-il might want to transform North Korea into a stable constitutional monarchy on the model of Sweden or Thailand. Rather than attempting to pass complete power to anyone -- either a son or someone else -- Kim's goal might be to guarantee his family could live on as the royal family while allowing the government to open up over time.

Confidence Building Measures

18. (C) Jung stated that if no military agreement comes out of the summit, the meeting would be attacked by all South Korean pundits and media outlets. Therefore, it was likely that some confidence building measures or defense agreements would come out of the summit. If nothing else, future defense minister meetings could be held in Pyongyang and Seoul instead of at the traditional site of Panmunjom (in the demilitarized zone).

Recommendation to USG

19. (C) Jung, one of the most experienced negotiators with North Korea, said that instead of wondering if Kim Jong-il wanted to give up his nuclear program, the U.S. should ensure Kim had no other choice but to denuclearize. To do this, the U.S. should continue to take the first move to reassure the DPRK of U.S. intentions to deliver on its promises. This would build trust and allow the DPRK to take reciprocal

actions. If the DPRK denuclearized and the U.S. established diplomatic ties with the DPRK, Jung said he was optimistic Kim would open up the North Korean economy and society along the PRC model.

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